

under any different set of circumstances than would have been required of the Board of Equalization to have adjusted their rates had it been done prior to January or if it was done now. I don't think we can be criticizing either board for not adjusting the rates if in the event the majority of this body feels there are basic inequities that should have been addressed first. So I think we should deal with this alone and the rate change alone and then address these other interests which perhaps are legitimate and perhaps some I'd agree with and there are some I agree with but I think they ought to be addressed in a separate law, so I move the bill be advanced.

SENATOR CLARK: Amendment on the desk.

CLERK: Mr. President, Senator Hefner would move to amend the bill and the Hefner amendment is found on page 450 of the Journal.

SENATOR CLARK: Senator Hefner.

SENATOR HEFNER: Mr. President and members of the body, if you turn to page 450 in your Legislative Journal, that is 450, I have an amendment that would change the corporation tax from 25%, or drop it from 25% to 22.5% on the first \$50,000 and change the 35% to 31.5% and the reason I am doing this is so that we will not raise the corporate tax on these corporations any more. I have supported the present system whereby the corporate income tax has been tied as a percentage of the individual rate. Over the years though that percentage has been changed considerably. In 1967 there was a single corporate grade of 20% of the individual rate and today there are two corporate rates, 25% on the individual rate and, this is on the first \$50,000 of taxable income, and 35% on the remainder. Those rates were established by the Legislature last year with the passage of LB 760. Prior to the passage of LB 760 the corporate rates were 25% of the individual rate on the first 25,000 and 27.5% on the remainder. At the same time the corporate rates were being changed of course, the individual rates were also raised. They were raised from 15% to 18%. Another very important point to make concerns our recent reductions in federal individual income taxes which similarly reduce the state individual income tax revenues and, therefore, prompted increases in state tax rates to make up the shortfall. The lowering of federal individual taxes, however, has not lowered, and I repeat that, has not lowered corporate income taxes. Therefore, corporations received a double whammy and this was because corporate taxes were increased first with last year's LB 760 and again when the individual rate was raised from 15% to 18%. The point of all this is that in just one year from 1981 to